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Rewald 'arms deal' documents entered in evidence

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Documents relating to alleged Ronald Rewald arms deal negotiations with an unidentified "big man" and with an "awesome but affable Lebanese gorilla" were introduced into evidence at Rewald's fraud trial yesterday.

But an FBI agent who investigated the finances of Rewald's firm said he found no evidence that any such deals were ever consummated or that they had anything to do with the CIA.

FBI agent Glenn Martin said talk of arms deals and big commissions from them were among rumors floating in the wake of the collapse of Bishop Baldwin Rewald Dillingham & Wong.

He said he didn't try to track down the possible arms deals, but suggested those leads were traced by other investigators. Martin said he did examine the company's banking records and found no evidence of arms deals.

Wayne Parsons, one of Rewald's court-appointed attorneys, battled for most of the day to introduce scores of other documents, many of them clearly containing national security information, which he suggested showed Rewald was doing more than minor cover "backstopping" for the CIA.

Rewald admits taking money from investors under false pretenses, but says he did it to maintain his cover as a wealthy businessman while spying for the CIA.

The CIA says it paid Rewald about \$2,900 to maintain telex and telephone facilities that its personnel could give as their own when masquerading as businessmen.

In closed hearings on CIA-related evidence, U.S. District Judge Harold Fong ruled before the trial that no such evidence would be admissible unless it tended to show CIA authorization or control of expenditure of Bishop Baldwin funds.

Fong barely budged from that position yesterday after another closed hearing.

He allowed the admission of two telexes from Bishop Baldwin consultant Edwin "Ned" Avary only after Parsons mentioned in front of the jury that the documents he was trying to introduce dealt with military weapons.

In one, Avary said, in part: "I hope, repeat, hope (to) finalize fantastic military order with awesome yet affable Lebanese gorilla this weekend."

In another, Avary told Rewald, "awaiting urgent details as to firmness of order from the big man here," and referred to itemization of "heavy equipment" mentioned in another communique.

Those two telexes, and other documents involving Bishop Baldwin consultant Russell Kim, indicate Kim and Avary were travelling at Bishop Baldwin expense in an effort to buy or sell weapons.

Among the documents Parsons apparently tried to introduce was a letter on Kim's stationery, addressed to Rewald, saying "monies have already been allocated" for some equipment needed by the Taiwan government.

Martin said "anybody can write down they've allocated funds for something."

Judge Fong said there are many potential arms purchasers in the world, from Shiite Moslems to Sandinistas, but "you haven't established that there were arms sales" through Bishop Baldwin.

Parsons argued that even the possibility of a sale would show that Bishop Baldwin was doing real business before it collapsed, and might have been in a position to collect income sufficient to cover its obligations to investors.

And he said the jury should see the documents so it could decide whether Martin, the government's expert witness on financial fraud, did an adequate investigation.

Another document turned down by the court appears to have been a letter from Rewald's civil attorney, Robert Smith, addressed to the CIA after the Bishop Baldwin collapse, saying there is evidence that a \$10 million commission on an arms deal is owed to Bishop Baldwin.

Avary is reported to have said shortly following the Bishop Baldwin collapse that such a commission was possible.

He could not be reached last night for comment.

Parsons argued that the fact some CIA-related documents made reference to Bishop Baldwin activities through the company's several foreign offices indicated the CIA was responsible for establishing and maintaining those offices.

But Fong ruled those documents inadmissible as well, saying "what Bishop Baldwin does that doesn't involve any money, and what Ronald Rewald does on his own time, is irrelevant."

Parsons also tried to suggest that Hawaii corporations formed by Rewald with Philippines financier Enrique Zobel and with other foreign nationals were part of a CIA project to shelter foreigners' money, as Rewald has claimed.

Using documents already in evidence dealing with possible CIA requirements for a "cover" for CIA officer Charles Richardson, Parsons asked if they didn't show the CIA was instructing Rewald to maintain a lavish lifestyle to help backstop Richardson's cover.

Martin said the documents indicated only that the CIA needed a cover involving a company that appeared to be substantial.